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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 002911

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PASS TO DOD/OSD-POLICY MR.JAMES CLAD

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SUBJECT: BHUTAN READY FOR PRAGMATIC, IF NOT FORMAL,
RELATIONS WITH THE UNITED STATES

Classified By: Ambassador David C. Mulford for Reasons 1.4 (b and d)

11. (C) Summary: Ambassador met former King Jigme Singye Wangchuck and Prime Minister Jigme Y. Thinley, during his November 5-7 visit to Bhutan to attend the coronation of King Jigme Keshar Namgyal Wangchuck as Bhutan's new king. The former King expressed pessimism about the new government in Nepal but believed Bhutan could work with it provided Nepal did not revert back to instability. On formal diplomatic relations with the United States, the former King stated his government thinks now is not the right time to establish ties, since Bhutan is focusing on resolving its "demarcation" issue with the Chinese. However, he asserted Bhutan's willingness to expand informal contacts with the United States. For the most part, Prime Minister Thinley's views reflected those held by the former King, but the PM was more optimistic about his ability to work with the new Nepali government. End Summary.

Former Bhutanese King Concerned About Nepal

12. (C) Ambassador Mulford had an opportunity to briefly meet Bhutan's new and fifth King, Jigme Keshar Namgyal Wangchuk, during the impressive and memorable November 5-7 coronation ceremony in Thimphu. The new king assured the Ambassador of his strong commitment to the democratic process in Bhutan and the continuing development of the Himalayan nation into a stable democracy. In a private meeting with Bhutan's former King Jigme Singye Wangchuk, who engineered Bhutan's transition to a constitutional monarchy, the Ambassador had a warm and lengthy discussion on a host of issues. (Note: The coronation ceremony was the pinnacle of the process initiated by King Jigme Singye Wangchuk in 1984. In December 2006, he abdicated the throne in favor of his son, the new King.) The former King and the Ambassador discussed the future of Nepal in great detail. The former King held a pessimistic view of Nepal's future stability, believing it remains unclear at this time whether the new Maoist government in Kathmandu can hold itself together and maintain its democratic base of support. If it can, he averred, then Prachanda is a man with whom Bhutan can work. If instead, Prachanda reverts back to old Maoist techniques and instability takes hold in Nepal, the former King confided his concern about Bhutan's security and the potential for Maoist subversion, especially by exploiting those in refugee camps.

13. (C) The Ambassador told the former King the USG has been working to admit into the USA a significant portion of the 60,000 refugees the U.S. has committed itself to accept. So far, the U.S. has processed approximately 6000 refugees and expects to process a further 15,000 in 2009. The former King

said he was deeply impressed as well as thankful for the generosity and commitment shown by the United States. The Ambassador emphasized our objective is to obtain an early closure of the camps by working with other nations to accept refugees. The former King expressed his thanks for the USG and State Department's efforts across-the-board, and the Ambassador replied that though Bhutan is small, it is worthy of U.S. recognition for how it peacefully transitioned to democracy. The former King assured the Ambassador of Bhutan's continued support to the United States at the UN and other multilateral fora.

And Pragmatic on Diplomatic Relations with the United States

14. (C) The Ambassador and former King turned to the matter of advancing formal diplomatic relations between the United States and Bhutan. The former King said that Bhutan's policy is to move carefully in expanding formal diplomatic relations with the P-5 of the UN Security Council, because of "demarcation" problems with China. The former King emphasized that the issue with the Chinese is not a conventional border dispute but is instead one solely relating to demarcating a rugged border. He remained confident that if an appropriate international commission were appointed, it would have no choice but to come to the conclusion that the territory in question was never historically under the control or use of Tibet, the basis for China's claim. The Bhutanese government is committed to achieving progress on this matter with China over the next three years and does not believe it prudent to begin

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establishing formal diplomatic relations with the P-5 nations during this period, since moves in this direction could be perceived as provocative by China.

15. (C) However, the former King stressed Bhutan is open to expanding informal contacts with the United States such as USAID projects and strengthening consular relations in whatever manner the USG thinks best. The Ambassador replied that one Bhutanese national already participates in the U.S.-India Fulbright program and perhaps we could consider increasing the number of slots for Bhutanese nationals since the Fulbright program is expanding in India. The former King expressed thanks for the USG's extension of visas to two years for Bhutanese students and said he would appreciate anything the USG could do to help further decrease the hardship and expenses Bhutanese students face when applying for visas to the United States.

Bhutan's PM Shares Identical Views, Except on Nepal

16. (C) The Ambassador also privately met PM Jigme Y. Thinley. They touched upon the same topics that were discussed in the Ambassador's meeting with the former King. The PM's views reflected those of the former king except in one important respect; on Nepal, PM Thinley expressed greater optimism in his government's ability to work with Nepali PM Prachanda and his Maoist government.

Comment

17. (C) Post understands SCA Assistant Secretary Boucher plans to visit Bhutan in December. We recommend A/S Boucher explore with his Bhutanese interlocutors ways to creatively expand our informal relations with the kingdom.

MULFORD